

Message Text

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14

ACTION NEA-12

INFO OCT-01 ADP-00 SCEM-02 TRSE-00 EB-11 INT-08 COME-00

EUR-25 CIAE-00 DODE-00 INR-10 NSAE-00 PA-03 RSC-01

USIA-12 PRS-01 EA-11 SS-15 NSC-10 OPIC-12 CG-00 OMB-01

RSR-01 /136 W

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R 261545 Z APR 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 0000

INFO AMEMBASSY DACCA

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 4879

E. O. 11652: N/A

TAGS: ENGR, IN

SUBJECT: OFFSHORE OIL EXPLORATION -- GOI CALLS FOR CONTRACT BIDS

REFS: A) NEW DELHI 4059 B) APRIL 16, 1973 LETTER NO. AS/1271/72/S
FROM DR. G. RAMASWAMY, GOI MINISTRY OF PETROLEUM, TO OIL EXPLORA-
TION COMPANIES; C) NEW DELHI 3992

FOR DEPS STATE, INTERIOR (NAHAI AND REINEMUND) AND COMMERCE
(WESTLEY)

SUMMARY: ON APRIL 25, GOI PETROLEUM MINISTRY RELEASED A LETTER
OF INQUIRY AND GUIDELINES (REFS A AND B) TO INTERESTED FOREIGN OIL
EXPLORATION COMPANIES, CALLING FOR CONTRACT BIDS TO SURVEY,
EXPLORE

AND DRILL CERTAIN PRESCRIBED AREAS OFF THE COASTS OF INDIA. NINE
BASINS HAVE BEEN DELINEATED IN THE ARABIAN SEA, PALK STRAIT AND BAY
OF BENGAL. ONE, CONTAINING THE BOMBAY HIGH, WILL NOT BE OPENED
TO FOREIGN PRIVATE COMPANIES (REF C). NEARLY 30 AMERICAN,
CANADIAN, BRITISH, FRENCH AND JAPANESE FIRMS HAVE EXPRESSED
INFORMAL

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INTEREST THUS FAR. FORMAL COMPANY OFFERS ARE TO BE TRANSMITTED TO THE

GOI PRIOR TO JUNE 15, 1973. WE ARE POUCHING ALL AVAILABLE DATA FOR UNCLASSIFIED DISTRIBUTION, AT THE DISCRETION OF USER AGENCIES. END SUMMARY.

1. WE ARE POUCHING SEPARATELY FULL TEXT OF LETTER FROM DR. G. RAMASWAMY, CHIEF OF EXPLORATION, PLANNING AND DEVELOPMENT, MINISTRY OF PETROLEUM AND CHEMICALS, GOVERNMENT OF INDIA, TO OIL EXPLORATION COMPANIES INTERESTED IN OFFSHORE DRILLING IN INDIA (REF A). GUIDELINES TITLED " LIST OF POINTS" AND COPIES OF A MAP TITLED " OFFSHORE AREAS OF INDIA" (SCALE 1:5,000,000) ACCOMPANY RAMASWAMY' S LETTER NO. AS/1271/72/ S, DATED APRIL 16, 1973.

2. RAMASWAMY' S LETTER AND THE ENCLOSURES WERE HELD IN THE

PETROLEUM MINISTRY OVER ONE WEEK PENDING FINAL GOI CLEARANCES. REPORTEDLY, FIRST MAILINGS WERE MADE ON APRIL 25 TO TWELVE (12) AMERICAN COMPANIES AND TO ABOUT 15 (UNCONFIRMED) CANADIAN, BRITISH, FRENCH AND JAPANESE FIRMS. THE AMERICAN COMPANIES ARE: OCCIDENTAL, ARCO, UNION, AMERICAN INDEPENDENT, CITIES SERVICE, GLAYCO, CHEVRON OVERSEAS, ESSO EASTERN, OCEANIC, PHILLIPS, THE PETROLEUM CORPORATION, AND A CANADIAN/ AMERICAN GROUP CONSISTING OF CLARCAN, CANADIAN RESERVE AND SIEBENS OIL AND GAS.

3. RAMASWAMY INFORMED THE MINIERALS ATTACHE ON APRIL 25 THAT ALL " APPROPRIATE EMBASSIES" IN NEW DELHI WILL RECEIVE FORMALLY THE ABOVE- CITED DATA (PARA 1), AFTER ALL INTERESTED INDIAN EMBASSIES ARE SIMILARLY NOTIFIED. HE ESTIMATES A ONE WEEK DELAY BEFORE THE FORMAL ANNOUNCEMENTS WILL BE MAILED. HE STRESSED, HOWEVER, THAT CHANGES WILL NOT BE MADE TO ANY PART OF REF B MATERIAL AND THAT THE FORMAL ANNOUNCEMENTS WILL NOT CONTAIN INFORMATION OR DATA BEYOND THAT WHICH IS INCLUDED IN REF B.

4. GUIDELINES, GOI RESTRICTIONS, PARAMETERS TO BE FOLLOWED BY BIDDERS, AREAS TO BE OPENED FOR CONTRACT DRILLING, AND THE AREA TO BE EXCLUDED FROM CONSIDERATION BY FOREIGN PRIVATE SECTOR COMPANIES CONFORM TO REF A' S DETAILED DESCRIPTION (PARAS 4 THROUGH 7).

NOTE, HOAEVER, THAT THE SOUTH BOUNDARY OF THE AREA DESIGNATED LIMITED OFFICIAL USE

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AS OFF LIMITS TO FOREIGN OIL EXPLORATION COMPANIES (PARA 6 REF A) HAS BEEN EXTENDED SOUTHWARD TO THE 16 TH PARALLEL INSTEAD OF THE PREVIOUSLY- DESCRIBED 17 TH PARALLEL. ALL OTHER BOUNDARIES REMAIN AS

DEFINED IN REF A.

5. RAMASWAMY'S LETTER STATES THAT THE GOI PLANS TO MAKE NINE (9) OFFSHORE BASIN AREAS AVAILABLE FOR SEISMIC SURVEYS AND THAT A S OHLE# CONTRACTOR MAY, AFTER COMPLETING ONE OR MORE SURVEYS, SELECT A CONTIGUOUS AREA " NOT EXCEEDING 5,000 SQUARE KILOMETERS" (1,931 SQUARE MILES) FOR EXPLORATION AND APPRAISAL DRILLING. DETAILED

OFFERS MUST REACH THE GOI PETROLEUM MINISTRY PRIOR TO JUNE 15, 1973. RAMASWAMY SAID HIS MINISTRY HOPES TO HAVE COMPANY SELECTIONS MADE BY YEAR- END 1973.

6. COMMENT: ONE INSIGNIFICANTLY- WORDED INSTRUCTION IN THE PETROLEUM MINISTRY'S LIST OF POINTS APPEARS TO BE WORTHY OF CLOSE SCRUTINY. PARAGRAPH VIII OF THE LIST REQUESTS THAT THE BIDDING COMPANY " PLEASE INDICATE THE SPECIAL FEATURES OF (IST) PROPOSIL, SUCH AS SIGNATURE BONUS, PRODUCTION BONUS, NATURAL GAS UTILIZATION/ DISPOSAL, ETC." WE WILL BE INTERESTED TO LEARN EACH AMERICAN COMPANY'S REACTION AS TO WHETHER OR NOT THEY WILL OFFER THE GOI A " SIGNATURE BONUS" (AS SOMETIMES EITHER REQUIRED OR EXPECTED BY OTHER GOVERNMENTS; E. G. INDONESIA). THE EMPLOYMENT OF A SIGNATURE BONUS MAY SET THE STAGE FOR CUT- THROAT BIDDING, DIFFICULT NEGOTIATIONS, AND POSSIBLE QUESTIONABLE TACTICS LATER. END COMMENT.
MOYNIHAN

NOTE BY OC/ T: # AS RECEIVED.

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*** Current Classification *** LIMITED OFFICIAL USE

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MADRAS
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